

ORIGINAL

# OPEN MEETING



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## MEMORANDUM

Arizona Corporation Commission

DOCKETED

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DOCKET CONTROL

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TO: THE COMMISSION

FROM: Utilities Division

DATE: April 28, 2015

DOCKETED BY	RC
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RE: IN THE MATTER OF THE APPLICATION OF BEAVER DAM WATER COMPANY, INC. FOR A RATE INCREASE (DOCKET NO. W-03067A-12-0232)

SUBJECT: COMPLIANCE FILING PER DECISION NO. 73826 - BEST MANAGEMENT PRACTICES FOR BEAVER DAM WATER COMPANY, INC.

### INTRODUCTION

On April 10, 2013, the Arizona Corporation Commission ("Commission") issued Decision No. 73826 granting Beaver Dam Water Company, Inc. ("Beaver Dam" or "Company") a rate increase. As part of the Decision, the Commission ordered that Beaver Dam file with Docket Control, as a compliance item in this docket within 90 days of the effective date of the Decision, at least five Best Management Practices ("BMPs") in the form of tariffs that substantially conform to the templates created by Staff for Commission review and consideration.<sup>1</sup>

### COMPANY'S COMPLIANCE FILING

Pursuant to Decision No. 73826 on January 10, 2014, Beaver Dam filed BMP tariffs. In its compliance filing, the Company is requesting Commission approval to implement the water conservation measures listed below.

1. **Local and/or Regional Messaging Program Tariff – BMP 1.1:** A program for the Company to actively participate in a water conservation campaign with local or regional advertising.
2. **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for the Company to assist its customers with their high water use inquiries and complaints.
3. **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation.

<sup>1</sup> Decision No. 73826 at 19:1-4.

4. **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters for repair or replacement.
5. **Water System Tampering Tariff – BMP 5.2:** The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system.

## STAFF'S ANALYSIS

### *Background Information and Service Area Characteristics*

Beaver Dam provides water utility service near the Town of Littlefield in the extreme northwest corner of the state in Mohave County. The Beaver Dam water system was providing service to approximately 490 metered customers in December 2013. Beaver Dam was granted a Certificate of Convenience and Necessity ("CC&N") to provide water service in 1988. The Company's existing CC&N for water service covers an area totaling approximately 14 square miles. The area served by Beaver Dam has experienced a modest growth rate for the past several years, which is expected to continue. The Company is not located in any Active Management Area ("AMA") and is not subject to any Arizona Department of Water Resources ("ADWR") AMA reporting and conservation requirements. During the rate case, ADWR reported that the Company was in compliance with departmental requirements governing water providers and/or community water systems.

Decision No. 73826 noted that Beaver Dam's reported water loss was well below Staff's recommended threshold of 10 percent. Staff checked the water usage data reported by the Company in its 2013 Annual Report filed with the Commission and the water loss increased slightly but is still well below Staff's recommended threshold of 10 percent.

The Company selected the above BMPs based on the characteristics of its current service area and believes these BMPs will allow it to address high water use and waste by educating customers about water conservation and the need to conserve. The Company believes the selected BMPs will allow Company personnel to better interface with customers as to why water conservation is important and why wasting water is a community problem and not just an individual customer problem. The Company also believes that these BMPs are the most beneficial to its customers and the most cost effective for the Company to implement.

### *Proposed Tariffs*

Staff created a set of BMP tariff templates that were developed using the BMP descriptions outlined in the ADWR Modified Non-Per Capita Conservation Program and relevant ADWR documents. ADWR representatives were provided with a copy of these templates, revisions were

made to the templates where appropriate to incorporate any comments/suggestions provided by ADWR. The tariffs proposed conform to the templates developed by Staff.

### **RECOMMENDATION**

Staff has concluded that the BMPs proposed are relevant to Beaver Dam's service area characteristics. Staff recommends approval of the BMP tariffs filed by the Company on January 10, 2014, attached to the proposed order as Exhibit A.



Steven M. Olea  
Director  
Utilities Division

SMO:JWL:red\RRM

Originator: Jian Liu

1                               **BEFORE THE ARIZONA CORPORATION COMMISSION**

2       SUSAN BITTER SMITH  
          Chairman

3       BOB STUMP  
          Commissioner

4       BOB BURNS  
          Commissioner

5       DOUG LITTLE  
          Commissioner

6       TOM FORESE  
          Commissioner

7

8       IN THE MATTER OF THE APPLICATION  
9       OF BEAVER DAM WATER COMPANY, INC.  
10      FOR A RATE INCREASE - COMPLIANCE  
       FILING PER DECISION NO. 73826

DOCKET NO. W-03067A-12-0232

DECISION NO. \_\_\_\_\_

ORDER

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12      Open Meeting  
13      May 12 and 13, 2015  
14      Phoenix, Arizona

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14      BY THE COMMISSION

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FINDINGS OF FACT

16           1.       Beaver Dam Water Company, Inc. ("Beaver Dam" or "Company") is certificated to  
17      provide water service as a public service corporation in the State of Arizona.

18           2.       On April 10, 2013, the Arizona Corporation Commission ("Commission") issued  
19      Decision No. 73826 granting Beaver Dam a rate increase. As part of the Decision, the Commission  
20      ordered that Beaver Dam file with Docket Control, as a compliance item in this docket within 90 days  
21      of the effective date of the Decision, at least five Best Management Practices ("BMPs") in the form of  
22      tariffs that substantially conform to the templates created by Staff for Commission review and  
23      consideration.<sup>1</sup>

24           3.       Pursuant to Decision No. 73826 on January 10, 2014, Beaver Dam filed BMP tariffs.  
25      In its compliance filing, the Company is requesting Commission approval to implement the water  
26      conservation measures listed below.

27

28      <sup>1</sup> Decision No. 73826 at 19:1-4.

- 1           • **Local and/or Regional Messaging Program Tariff – BMP 1.1:** A program for the  
2           Company to actively participate in a water conservation campaign with local or  
3           regional advertising.
- 4           • **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for  
5           the Company to assist its customers with their high water use inquiries and complaints.
- 6           • **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the  
7           Company to monitor and notify customers when water use seems to be abnormally  
8           high and provide information that could benefit those customers and promote water  
9           conservation.
- 10          • **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the Company  
11          to systematically assess all in-service water meters (including Company production  
12          meters) in its water service area to identify under-registering meters for repair or  
13          replacement.
- 14          • **Water System Tampering Tariff – BMP 5.2:** The purpose of this tariff is to  
15          promote the conservation of groundwater by enabling the Company to bring an action  
16          for damages or to enjoin any activity against a person who tampers with the water  
17          system.

#### 14      **Staff's Analysis**

##### 15      *Background Information and Service Area Characteristics*

16           4.       Beaver Dam provides water utility service near the Town of Littlefield in the extreme  
17      northwest corner of the state in Mohave County. The Beaver Dam water system was providing  
18      service to approximately 490 metered customers in December 2013. Beaver Dam was granted a  
19      Certificate of Convenience and Necessity ("CC&N") to provide water service in 1988. The  
20      Company's existing CC&N for water service covers an area totaling approximately 14 square miles.  
21      The area served by Beaver Dam has experienced a modest growth rate for the past several years which  
22      is expected to continue. The Company is not located in any Active Management Area ("AMA") and  
23      is not subject to any Arizona Department of Water Resources ("ADWR") AMA reporting and  
24      conservation requirements. Decision No. 73826 noted that ADWR reported that the Company was in  
25      compliance with departmental requirements governing water providers and/or community water  
26      systems.

27           5.       Decision No. 73826 noted that Beaver Dam's reported water loss was well below  
28      Staff's recommended threshold of 10 percent. Staff checked the water usage data reported by the

1 Company in its 2013 Annual Report filed with the Commission and the water loss increased slightly  
2 but is still well below Staff's recommended threshold of 10 percent.

3 6. The Company selected the above BMPs based on the characteristics of its current  
4 service area and believes these BMPs will allow it to address high water use and waste by educating  
5 customers about water conservation and the need to conserve. The Company believes the selected  
6 BMPs will allow Company personnel to better interface with customers as to why water conservation  
7 is important and why wasting water is a community problem and not just an individual customer  
8 problem. The Company also believes that these BMPs are the most beneficial to its customers and  
9 the most cost effective for the Company to implement.

10 *Proposed Tariffs*

11 7. Staff created a set of BMP tariff templates that were developed using the BMP  
12 descriptions outlined in the ADWR Modified Non-Per Capita Conservation Program and relevant  
13 ADWR documents. ADWR representatives were provided with a copy of these templates, revisions  
14 were made to the templates where appropriate to incorporate any comments/suggestions provided by  
15 ADWR. The tariffs proposed conform to the templates developed by Staff.

16 **Recommendation**

17 8. Staff has concluded that the BMPs proposed are relevant to Beaver Dam's service area  
18 characteristics. Staff has recommended approval of the BMP tariffs filed by the Company on January  
19 10, 2014, attached to the proposed order as Exhibit A.

20 CONCLUSIONS OF LAW

21 1. Beaver Dam Water Company, Inc. is a public service corporation within the meaning  
22 of Article XV, Section 2, of the Arizona Constitution.

23 2. The Commission has jurisdiction over Beaver Dam Water Company, Inc. and of the  
24 subject matter of the Application.

25 3. The Commission, having reviewed the filing and Staff's Memorandum dated April 28,  
26 2015, concludes that it is in the public interest to approve the proposed BMP tariffs attached hereto as  
27 Exhibit A.

28 ...

ORDER

IT IS THEREFORE ORDERED that the Beaver Dam Water Company, Inc. BMP tariffs attached hereto as Exhibit A are hereby approved.

IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc. shall notify its customers, in a form acceptable to Staff, of the BMP tariffs authorized herein and their effective date by means of either an insert in the next regularly scheduled billing or by a separate mailing and shall provide copies of the BMP tariffs to any customer upon request.

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1 IT IS FURTHER ORDERED Staff shall file a letter in the Docket confirming that the Beaver  
2 Dam Water Company, Inc. tariffs have been updated with the tariffs approved herein.

3 IT IS FURTHER ORDERED that the BMP tariffs authorized herein shall go into effect 30  
4 days after the date notice is sent to customers.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6  
7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 \_\_\_\_\_  
CHAIRMAN

COMMISSIONER

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11  
12 COMMISSIONER

COMMISSIONER

COMMISSIONER

13  
14 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
15 Director of the Arizona Corporation Commission, have  
16 hereunto, set my hand and caused the official seal of this  
Commission to be affixed at the Capitol, in the City of  
Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

17  
18 \_\_\_\_\_  
19 JODI JERICH  
20 EXECUTIVE DIRECTOR

21 DISSENT: \_\_\_\_\_

22  
23 DISSENT: \_\_\_\_\_

24 SMO:JWL:red\RRM  
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1 SERVICE LIST FOR: BEAVER DAM WATER COMPANY, INC.  
2 DOCKET NO. W-03067A-12-0232

3 Mr. Bob Frisby  
4 Beaver Dam Water Company, Inc.  
5 PO BOX 550  
6 Littlefield, Arizona 86432

7 Ms. Janice M. Alward  
8 Chief Counsel, Legal Division  
9 Arizona Corporation Commission  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

12 Mr. Steven M. Olea  
13 Director, Utilities Division  
14 Arizona Corporation Commission  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

17 Ms. Lyn Farmer  
18 Chief Administrative Law Judge  
19 Hearing Division  
20 Arizona Corporation Commission  
21 1200 West Washington Street  
22 Phoenix, Arizona 85007  
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EXHIBIT A

Beaver Dam Water Company, Inc.  
Phone: (928) 347-5000

Decision No.: 73826  
Effective Date: May 1, 2013

## **Local and/or Regional Messaging Program Tariff – BMP 1.1**

### **PURPOSE**

A program for the Company to actively participate in a water conservation campaign with local or regional advertising (Modified Non-Per Capita Conservation Program BMP Category 1: Public Awareness/Public Relations 1.1: Local and/or Regional Messaging Program).

### **REQUIREMENTS**

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company or designated representative shall actively participate in water conservation campaign with its website: [www.beaverdamwater.com](http://www.beaverdamwater.com)
2. The campaign shall promote ways for customers to save water.
3. The Company shall facilitate the campaign through one or more of the following avenues (not an all inclusive list):
  - a. Websites
    1. H2Ouse Water Saver Home
      - a) [www.h2ouse.org](http://www.h2ouse.org)
    2. Water Use it Wisely
      - a) [www.wateruseitwisely.com](http://www.wateruseitwisely.com)
  - b. Promotional Materials
4. The Company shall keep a record of the following information and make it available to the Commission upon request.
  - a. A description of the messaging program implemented and program dates.
  - b. The number of customers reached (or an estimate).
  - c. Costs of Program Implementation.

Revised: 05-01-13

Decision No. \_\_\_\_\_

Beaver Dam Water Company, Inc.  
Phone: (928) 347-5000

Decision No.: 73826  
Effective Date: May 1, 2013

## **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6**

### **PURPOSE**

A program for the Company to assist its customers with their high water-use inquiries and complaints (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.6: Customer High Water Use Inquiry Resolution).

### **REQUIREMENTS**

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall handle high water use inquiries as calls are received.
2. Calls shall be taken by a customer service representative who has been trained on typical causes of high water consumption as well as leak detection procedures that customers can perform themselves.
3. Upon request by the customer or when the Company determines it is warranted, a trained Field Technician shall be sent to the customer's residence to conduct a leak detection inspection and provide the customer with water conservation measures. The leak detection inspection may consist of a meter read check for flow verification. If the on-site inspection is requested by the customer, the Commission approved meter re-read tariff fee shall apply.
4. The Company shall follow up in some way on every customer inquiry or complaint and keep a record of inquiries and follow-up activities.

Revised: 05-01-13

Decision No. \_\_\_\_\_

Beaver Dam Water Company, Inc.  
Phone: (928) 347-5000

Decision No.: 73826  
Effective Date: May 1, 2013

## **Customer High Water Use Notification Tariff – BMP 3.7**

### **PURPOSE**

A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services Program 3.7: Customer High Water Use Notification).

### **REQUIREMENTS**

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall track water usage for each customer and notify the customer if water use seems excessive for that particular billing for that time of the year.
2. The Company shall identify customers with high consumption and investigate each instance to determine the possible cause.
3. The Company shall contact the high water use customers via telephone, email, by mail or in person. The Company shall contact the customer as soon as practical in order to minimize the possible loss of water. The customer will not be required to do anything to receive this notification.
4. In the notification the Company shall explain some of the most common water usage problems and common solutions and points of contact for dealing with the issues.
5. In the notification, the customer will be reminded of at least the following water-saving precautions:
  - a. Check for leaks, running toilets, or valves or flappers that need to be replaced.
  - b. Check landscape watering system valves periodically for leaks and keep sprinkler heads in good shape.
  - c. Adjust sprinklers so only the vegetation is watered and not the house, sidewalk, or street, etc.
  - d. Continue water conservation efforts with any pools such as installing covers on pools and spas and checking for leaks around pumps.
6. In the notification, the customer will also be reminded of at least the following ordinary life events that can cause a spike in water usage:
  - a. More people in the home than usual taking baths and showers.
  - b. Doing more loads of laundry than usual.
  - c. Doing a landscape project or starting a new lawn.
  - d. Washing vehicles more often than usual.
7. The Company shall provide water conservation information that could benefit the customer, such as, but not limited to, audit programs, publications, and rebate programs.
8. The Company shall assist the customer in a self-water audit and assist the customer in determining what might be causing the high water usage as well as supply customer with information regarding water conservation and landscape watering guidelines. As part of the water audit the Company shall confirm the accuracy of the

Revised: 05-01-13

Decision No. \_\_\_\_\_

Beaver Dam Water Company, Inc.  
Phone: (928) 347-5000

Decision No.: 73826  
Effective Date: May 1, 2013

customer meter if requested to do so by the customer (applicable meter testing fees shall apply).

9. The type of notification, the timing of the notification (i.e., how long after high water use was discovered by the Company), and the criteria used for determining which customers are notified shall be recorded and made available to the Commission upon request.

Revised: 05-01-13

Decision No. \_\_\_\_\_

Beaver Dam Water Company, Inc.  
Phone: (928) 347-5000

Decision No.: 73826  
Effective Date: May 1, 2013

## **Meter Repair and/or Replacement Tariff – BMP 4.2**

### **PURPOSE**

A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters for repair or replacement (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.2 Meter Repair and/or Replacement Program).

### **REQUIREMENTS**

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. On a systematic basis, the Company will inspect 100 percent of its 1-inch and smaller in-service water meters at least once every ten years for one of the following reasons (whichever occurs first):
  - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
  - b. A meter has registered 1,000,000 gallons of usage,
  - c. A meter has been in service for ten years.
2. Meters larger than 1-inch shall be inspected for one of the following reasons:
  - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
  - b. A meter has been in service for five years.
3. The inspection will be accomplished by having the meter pulled and having a Company Technician physically inspect each meter and its fittings for leaks, registers which may have become loose or are not properly attached to the meter and could be under-registering or other broken parts which need repair. In addition, meters shall be randomly selected for flow testing to identify potentially under-registering meters.
4. The Company shall also replace or reprogram any water meters that do not register in gallons. Upon the effective date of this tariff, the Company shall install all replacement meters with new:
  - a. 1-inch and smaller meters that register in 1 gallon increments,
  - b. 1-1/2-inch through 4-inch meters that register in 10 gallon increments, and
  - c. 6-inch and larger meters that register in 100 gallon increments.
5. The Company shall keep records of all inspected and replacement meters and make this information available to the Commission upon request.

Revised: 05-01-13

Decision No. \_\_\_\_\_

Beaver Dam Water Company, Inc.  
Phone: (928) 347-5000

Decision No.: 73826  
Effective Date: May 1, 2013

## **Water System Tampering Tariff – BMP 5.2**

### **PURPOSE**

The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system.

### **REQUIREMENTS:**

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission, specifically Arizona Administrative Code ("AAC") R14-2-410 and the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. In support of the Company's water conservation goals, the Company may bring an action for damages or to enjoin any activity against a person who: (1) makes a connection or reconnection with property owned or used by the Company to provide utility service without the Company's authorization or consent; (2) prevents a Company meter or other device used to determine the charge for utility services from accurately performing its measuring function; (3) tampers with property owned or used by the Company; or (4) uses or receives the Company's services without the authorization or consent of the Company and knows or has reason to know of the unlawful diversion, tampering or connection. If the Company's action is successful, the Company may recover as damages three times the amount of actual damages.
2. Compliance with the provisions of this tariff will be a condition of service.
3. The Company shall provide to all its customers, upon request, a complete copy of this tariff and AAC R14-2-410. The customers shall follow and abide by this tariff.
4. If a customer is connected to the Company water system and the Company discovers that the customer has taken any of the actions listed in No. 1 above, the Company may terminate service per AAC R14-2-410.
5. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Revised: 05-01-13

Decision No. \_\_\_\_\_